

The New York Times

OP-ED Contributor

Health Reform's Missing Ingredient

By RON WYDEN

Published: September 17, 2009

“MY guiding principle is, and always has been, that consumers do better when there is choice and competition,” President Obama said last week in an address to Congress on health care reform. It’s a good principle, one that may determine the ultimate success or failure of reform, but unfortunately it’s not really guiding the Senate bill unveiled on Wednesday or any of the other health reform legislation now under consideration in Congress.

Under the nation’s current employer-based system, most people have little if any choice about where they get their insurance. They just have to accept the plan that comes with their job. That insurance company, in turn, is provided a captive group of customers, so it has no incentive to earn their loyalty.

Empowering Americans to choose from a broad selection of health plans would turn the tables. Those insurers that charged affordable rates and provided good coverage would attract more customers, while those that treated customers badly would be forced to change their ways or go out of business. To stay competitive, insurers would need to follow the example of places like the Mayo Clinic and offer good, low-cost coverage.

The various bills making their way through Congress would, as the president explained, provide some consumer choice by establishing large marketplaces where people could easily compare insurance plans and pick the one that best suits their needs. Companies participating in these insurance exchanges would be required to offer coverage to anyone who wants to buy it, regardless of their age, gender or health status, and they would be barred from charging someone more for having a pre-existing condition.

The problem with these bills, however, is that they would not make the exchanges available to all Americans. Only very small companies and those individuals who can’t get insurance outside of the exchange — 25 million people — would be allowed to shop there. This would leave more than 200 million Americans with no more options, private or public, than they have today.

I understand the president’s fear of overreaching. Past reform efforts have failed in part because of the public’s distaste for government-imposed change. But walling off most of the health care system from choice and competition could create greater problems — enough to doom health care reform.

I believe there is a way to work with the present employer-based system to guarantee that all Americans have choices, and I am proposing it in an amendment to the latest Senate health care bill. My amendment, called Free Choice, would let everyone choose his health insurance plan.

It would impose only one requirement on employers — that they offer their employees a choice of at least two insurance plans, one of them a low-cost, high-value plan. Employers could meet this requirement by offering their own choices. Or they could let their employees choose either the company plan or a voucher that could be used to buy a plan on the exchange. They could also simply insure all of their employees through the exchange, at a discounted rate.

All payments that employers would make, whether in the form of premiums or vouchers, would remain tax-deductible as a business expense. Reinsurance and risk adjustment mechanisms already in the bill would balance the costs of employers who end up with disproportionately sick pools of workers, and this would avoid any disruption to existing employer coverage. Any employers that did not offer either their own choices or insurance through the exchange would be required to pay a “fair share” fee to help support the system.

My plan would actually strengthen the employer-based system by making it possible for even more employers to afford coverage than can today. Employers who offer high-quality health insurance to attract first-rate employees could continue to do so. And employees who like the coverage they have could keep it. Those who don’t, however, would be able to shop elsewhere.

According to one estimate, injecting this kind of competition into the employer-based system would save people and businesses more than \$360 billion over 10 years. At the same time, it would improve the quality of health care.

Americans could take advantage of this change, or ignore it if they like; it would not be forced on them by government mandate. Ultimately, by empowering people to select the health insurance that makes the most sense for them and their family, we could end up with a system that works better for everyone.

Ron Wyden is a Democratic senator from Oregon.

A version of this article appeared in print on September 17, 2009, on page A33 of the New York edition.